AN S&MM SPECIAL SECTION
Sales Meetings: Keeping quality high
Page 97.

S&MM

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Hyster lifts the stakes

Selling forklifts isn't the same these days for Hyster, whose quality products make it the Cadillac of the industry. Now it's gambling that its low-cost models can compete in the U.S. with Japanese models, which already have stolen away its market in Australia. The challenge will test Hyster's new marketing organization as well as its retrained dealer sales force. Hyster's strategists: Jack Greer (l.), vice president, marketing, and Ted Werner, director of sales. Story on page 53.

Inside Out

Ricoh wants to copy success in a market it helped build for Savin, Pitney Bowes, and others. Page 12.

It's Henri's 1, Kraft 0 in the battle of the salad dressings. Page 12.

Vital marketing issues are before the Supreme Court, including price fixing, a videotaping law, and FDA drug testing. Page 13.

Premium/Incentive Show in January? The new date is giving exhibitors the chills. Page 13.

Tylenol salespeople sell the rest of the product line, while packagers push anything that's tamper-resistant. Page 20.

S&MM's 1983 forecast predicts plusses for consumer marketers, but their industrial counterparts will continue to suffer. Page 22.

Italian shoemakers race to get a bigger foothold in U.S. markets. Page 26.

In *Photo Buys Weekly*, a picture is worth a thousand words—and $15. Page 30.

Manufacturers were "dealer friendly" at the office products show. Page 30.

House of Fabrics' Barney Sofro wants a bigger piece of the home-sewing market. Page 86.

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Catalogues get down to business-to-business

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SALES COSTS

Why Air Products has a chip on its shoulder

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What's Coming Up

Beech-Nut reborn. The baby food company rears new markets with overhauled packaging, advertising, training programs, and an all-broker sales force. Dec. 6.

An S&MM Special Section: The Computer in Sales and Marketing. Increasingly, marketers will find themselves operating in an "electronic environment." S&MM offers an in-depth examination of the new revolution to date. Dec. 6.

Eighth Annual Awards. S&MM honors the marketing organizations that excelled in 1982. Our Annual Awards Issue also cites the year's top marketing entrepreneurs. Jan. 17.

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ABP BPA MPA ABC

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S&MM's cover photo by Dale Dowers

been pulled from Pillar's industrial machinery division to assist them part time.

Some packagers are not so eager to capitalize on McNeil's misfortune. Ken Harris, national sales manager, Polypak, Inc., St. Petersburg, FL, says his 10 rep agencies' salespeople are answering dozens of inquiries about the company's shrink-wrapping services, but "we're hoping it all calms down. This is not the way we want to make our money."

McNeil's still selling

Meanwhile, McNeil's 100-plus direct salespeople, who sell Tylenol products exclusively, are preparing to reintroduce the extra-strength capsules in new tamper-resistant packaging. Although it's unclear when the capsules will be back in the stores, "the problem is now well under control," says William G. Lynch Jr., national sales manager for McNeil.

"We're still selling" other Tylenol products, says Lynch. "Initially, it was confusing for the salespeople, but now their morale is up again. I was impressed with their reaction of 'What can we do to help?' " Along with salespeople borrowed from other J&J units, they helped speed the withdrawal of the capsules.

Regional and district sales managers have made calls, usually with salespeople, on several thousand customers across the country. They polled them and shoppers about reactions to the withdrawal and gathered suggestions for the reintroduction. "Meetings were held on the district level," says Lynch, and the information was relayed to top management at McNeil's Fort Washington, PA, headquarters.

McNeil claims that consumers and retailers are on the company's side, and confirms that the only substantial

S&MM BAROMETER

Sputtering into recovery

About the best that can be said for most marketers' prospects next year is that most of the minuses that bedeviled them this year will turn into plusses (see table). Industrial goods marketers can't comfort themselves with that hope, however. With almost one-third of all manufacturing capacity idle, and interest rates still several points above the inflation rate, businesses won't be in a buying mood. Hence, S&MM's consensus forecast for 1983 sees capital spending, in real terms, falling even faster than it did this year.

Consumer marketers will benefit as total consumer spending rises more than twice as fast as it did this year. But that isn't saying much because this year's sales growth, in real terms, wasn't much better than the population growth.

The consensus forecast of a 2.8% increase in real gross national product is a heartening contrast to this year's 1.5% dip. But Data Resources' Otto Eckstein points out that in the last four economic recoveries, growth averaged 5.6% in the first 18 months, or twice what S&MM's forecasters predict. Almost certainly then, the new year isn't a basket of good news.

Market sector	*1983 Forecast*	*1982 Estimate*	*% Change 1982–83*	*% Change 1981–82*
	Bil. of 1972$			
Gross national product	**$1,520.2**	$1,479.4	+ 2.8%	−1.5%
Disposable personal income	**1,091.7**	1,059.2	+ 3.1	+1.5
Personal consumption expenditures	**987.8**	958.5	+ 3.1	+1.2
Durables	**146.7**	138.2	+ 6.2	−1.3
Nondurables	**373.7**	365.4	+ 2.3	+0.8
Services	**465.6**	453.7	+ 2.6	+1.9
Capital spending	**156.1**	164.5	− 5.1	−4.4
Housing starts (mil. units)	**1.3**	1.0	+26.0	−5.5
New car sales (mil. units)	**9.1**	7.9	+15.2	−7.1
Industrial production index (1967 = 100)	**143.3**	139.4	+ 2.8	−7.7
Consumer price index (1967 = 100)	**305.4**	289.5	+ 5.5	+6.3

Note: Components of personal consumption expenditures will not add up to total because not all forecasters make such breakdowns in real dollars.
Sources: S&MM estimates, Argus Research, Chase Econometrics, Chemical Bank, Data Resources, Inc., Dean Witter Reynolds, Evans Economics, Goldman Sachs, Manufacturers Hanover Trust, Mellon Bank, Merrill Lynch, Shearson/American Express, A. Gary Shilling & Co., and Wharton Econometric Forecasting Associates.
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S&MM MARKETGRAPH

Unmarried couples: Becoming a 'family' market

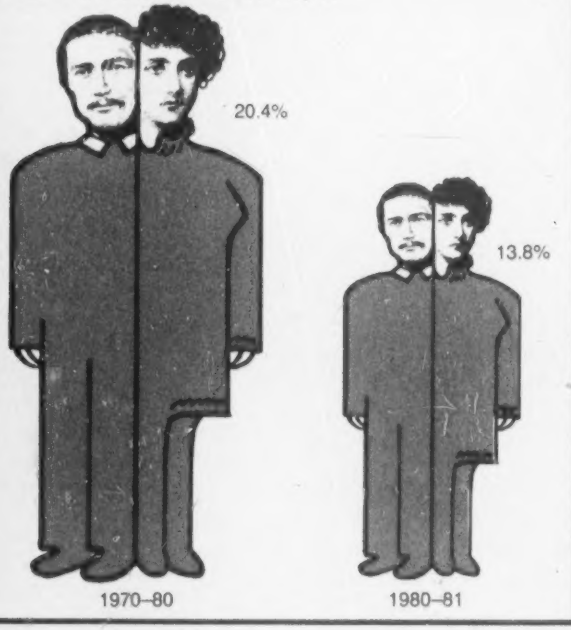
The unmarried couple phenomenon, which became a popular living arrangement in the 1970s, may be taking a conservative tack. An analysis of the Census Bureau's annual report on marital status reveals that, compared to a striking 20.4% annual growth rate in the last decade, the number of "households maintained by two unrelated adults of the opposite sex" rose only 13.8% in 1981.

However, while this may reflect more conservative lifestyles as the baby-boom generation ages, another set of data suggests otherwise. Unmarried couples with children increased 16.5% last year, significantly faster than their annual 12.0% rate of the prior decade. In contrast, such couples without children (who comprise 72% of unmarried couples) advanced only half as fast as in the 1970s—12.6% vs. 25.4%. This unusual turnabout may be due to explosive divorce rates.

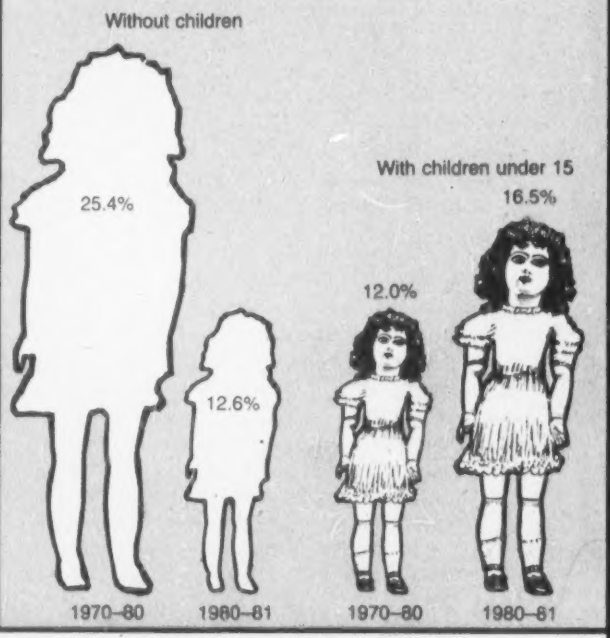
Among the other factors behind the overall slowdown may be sluggish economic growth, which makes young adults less eager to leave the parental nest for a live-in arrangement. —TCT

In the face of overall slower growth . . .

Annual % increase in unmarried couples

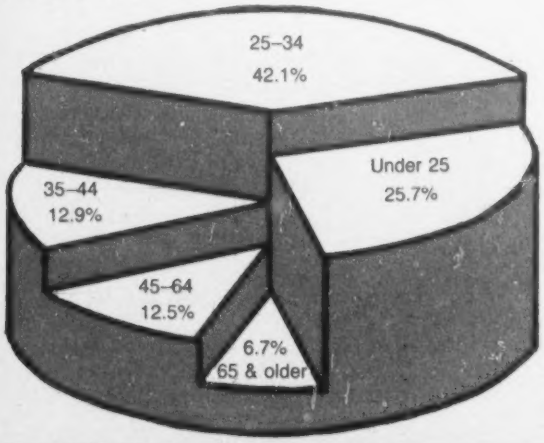


. . . a dramatic turnabout



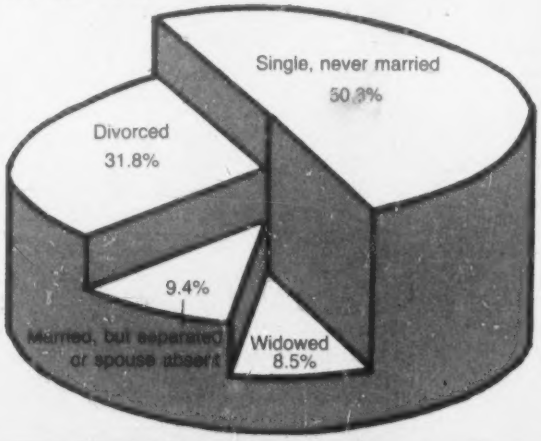
A young market . . .

% by age group



. . . dominated by singles and splits

% by marital status



Note: Details may not add to 100% due to rounding.
Source: Census Bureau, *Marital Status and Living Arrangements*, Series P-20, No. 372.
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S&MM's Special Sales Meetings Section

Keeping costs low and quality high

By RAYNA SKOLNIK
Senior Editor

As marketers search for ways to cut costs this year, no area remains untouched. Responses to S&MM's exclusive sales meetings survey reveal that meeting planners, like everyone else, are striving to get the most for their money. Yet most would probably agree with the sales and marketing manager for a packaging company, who wrote: "I believe that sales meetings are *more* important during *poor* economic times than when things are booming." Thus marketers are using all their ingenuity and creativity to reduce costs without having to lose the benefits of sales meetings.

S&MM's survey was mailed in August to 1,000 subscribers. By the cutoff date, 235 responses had been received. Of that total, 207 respondents, or 88%, are holding sales meetings this year. And 67% of the latter group say they have tried to reduce sales meetings costs this year, up sharply from last year's 55%. Cost cutting has affected all aspects of meeting planning, from the number and length of meetings to site selection and the entertainment components of the program.

Nevertheless, sales meetings budgets remain sizable. Fourteen percent of the respondents spend more than $100,000 annually on sales meetings, excluding travel, and another 14% spend between $50,000 and $100,000. The annual sales meetings budget for 34% of the respondents is between $10,000 and $50,000.

Many companies are taking the obvious step of switching from national to regional meetings, thus cutting down on air fare expenditures. Several people report an added benefit—that regional meetings are sometimes more effective because salespeople have more time to talk about situations relevant to their own territories. Other companies have tightened their agendas, enabling them to schedule shorter meetings.

Tougher customers

A number of respondents say they have become tougher customers: they negotiate with hotels to get the best possible rates for their group. One national sales manager says he was involved in "specific budget planning with the hotel staff" for the room rate, food costs, and extras. Another executive reports "stronger, but fair" negotiations for rates.

That approach seems to be paying off. Indeed, the general manager of a mid-priced Chicago hotel tells S&MM that he recently lost a meeting group to an upscale chain hotel because it undercut his rates.

Some companies have cut down on the number of attendees at a meeting by limiting the number of factory and other nonsales personnel. Yet S.V. Industries' William Barry Div., a marketer of men's outerwear, continues its practice of including factory people in sales meetings (see page 138). They were invited to the opening session of the sales meeting, a mock TV show held in an actual studio, and also attended business sessions to explain to salespeople how the garments are manufactured.

Other companies are reducing frills and concentrating on business. For example, a marketer of cemetery memorials eliminated a banquet usually attended by both sales and nonsales personnel at the meeting; a manufacturer of electric heating components scratched a one-day golf outing; and a pump manufacturer dropped what he calls "wine and dine activities." In a burst of creative accounting, one marketer postponed the sales meeting so that it fell in the next fiscal year, a tactic that might not work for everyone.

Despite the concern over costs, respondents' first priority when choosing a meeting site is not the rates, perhaps because they feel that those are negotiable. This year, as last, the No. 1 priority is quality of service, and No. 2 is quality of

food. Clearly, people want to meet at a facility where they'll be well fed and well cared for. However, rates have moved up in the ranking, to the No. 3 spot from No. 5 last year.

Convenience to the airport also ranks higher this year than it did last year, No. 5 vs. No. 7, another nod to time and money savings.

Ease of check-in and check-out ranks near the bottom of the list of factors affecting site selection. Nevertheless, the sales manager of a power equipment marketer notes that "check-in sets the attitude of all attending. It cannot be less than excellent."

The least important factor, this year as well as last, is entertainment. That could indicate that meetings are all work and no play but, more likely, that meeting planners provide their own entertainment appropriate to the theme and audience.

Airport hotels popular

Most companies hold sales meetings at both company sites and a variety of noncompany sites (thus the total of well over 100% for the replies in Table 1). More than three-fourths of the respondents (79%) report that a company official does visit the meeting site before a meeting is scheduled there. In some companies with larger budgets, a meeting planner may visit several sites before making a selection. Of course, that may be combined with other business travel, or even vacations.

Two types of noncompany sites are noticeably more popular this year than last. One is the airport hotel, used by 26% of respondents this year vs. 19% last year. Such a site has two advantages: (1) When people land, they're already at the meeting site and no time is lost in transit; (2) because of the savings in ground travel time, it is sometimes possible to schedule meetings so that people fly in and out the same day, thereby eliminating the cost of accommodations, as well as dinner and breakfast. Even if people do stay overnight, meeting planners find that rates at airport hotels are often lower than those at downtown hotels, and most of the same amenities are available. Recognizing those appeals to the meeting planner, a number of airport hotels are expanding their meeting facilities.

Conference centers are also gaining favor; 23% of respondents are using them this year, up from 13% last year. Geared specifically to the needs of meeting-goers, conference centers offer the latest in facilities and equipment, as well as dining and sleeping accommodations, in a setting—often rural—that is much quieter than a hotel.

As Table 3 indicates, 77% of the respondents say their companies ask the sales force to suggest topics for the sales meeting ("Try and stop them," quips the marketing manager of a manufacturer of analytical instruments). The final deci-

Highlights of S&MM's sales meetings survey

1. Do you hold sales meetings at company sites, noncompany sites, or both? Check as many as are applicable.

	1982	1981
Hotel	62%	49%
Company site	61	64
Resort hotel	51	53
Airport hotel	26	19
Conference center	23	13
Budget motel	1	2

(Replies total more than 100% because of multiple answers.)

2. Does a company official usually visit a site before a meeting is scheduled there?

Yes	79%
No	21

Base: 199 replies.

3. Is the sales force asked to suggest topics for the sales meeting?

	1982	1981
Yes	77%	81%
No	23	19

Base: 206 replies.

4. Who (by title) has the final say in determining the meeting agenda?

General sales manager	47%
Vice president, sales/marketing	25
Marketing director	12
President	10
Executive vice president	6

Base: 206 replies.

5. Which company personnel address the sales meeting?

President	71%
Vice president, sales	91
Financial officer	21
Regional sales manager	67
Technical or R&D personnel	49

(Replies total more than 100% because of multiple answers.)

6. Did you, or will you, hold any videoconferences in the years indicated?

	Yes	No
1981	2%	98%
1982	9	91
1983	12	88

Base: 173 replies.

7. What is your annual sales meetings budget (excluding travel)?

Under $10,000	38%
$10,000–$50,000	34
$50,000–$100,000	14
$100,000 or more	14

Base: 202 replies.

8. Have you tried to reduce meeting costs this year?

	1982	1981
Yes	67%	55%
No	33	41

Base: 199 replies.

9. Do you use your own sales force, independent reps, or both?

	1982	1981
Own sales force	55%	50%
Independent reps	13	14
Both	32	36

10. How often are the following included on your sales meetings agenda?

	Always	Sometimes	Never
Sales training	57%	41%	2%
Product introductions	49	49	2
Information on competitors' efforts	56	43	1
Sales progress reports	76	23	1
Product promotions	54	41	5
Motivational talks	30	61	9
Recognition and awards for salespeople	37	55	8
Announcement of incentive programs	17	69	14
Sales force feedback	71	29	0

Except where noted, figures are based on 207 replies.

sions, however (see Table 4), are most often made either by the top sales executive (47%) or the executive who has both sales and marketing responsibility (25%).

The topic that the greatest number of companies—76%—"always" include in the meetings agenda is sales progress reports (Table 10). That percentage is up from last year's 65%. The other great leap is in the category of information on competitors' efforts; this year, 56% of the respondents say they "always" include that topic, up from 40% last year. Those two changes are understandable in the present economy. With competition so much tougher, it's especially important for salespeople to know how their own company is doing, and why, and also know of what competitors are doing.

Another key area continues to be sales force feedback. Most managers are fully aware of the importance of listening to the people who are on the firing line all day and are in the best position to know what's happening in the marketplace. One company that puts a great deal of emphasis on feedback is Pilot Pen Corp. of America, which allots nearly one-third of its meeting time to feedback from sales reps (page 107).

Salespeople interact

Moreover, feedback is necessary not only so management can hear from the sales force but also so salespeople can hear from each other. A marketing executive for a chemical manufacturer explains how that pertains to his situation: "Since we have four distinct marketing and sales areas, we strive to achieve good interaction and group dynamics at the national meeting." Without that kind of interaction, the salespeople might as well be working for four different companies.

Some managers view meetings as a good opportunity to motivate the sales force. They're right. Those who consider meetings a time for education are equally right. The trick is to achieve the proper balance, as business consultant Jacob Weisberg explains on page 135.

Getting the right topics on the agenda is important, too, but that doesn't guarantee that the meeting will succeed. As the sales manager for a waste management company says, "Meetings are effective *only* if the agenda is well thought out and communicated to attendees well before the meeting. Also, the person in charge of conducting the meeting must be firm in restricting discussion to the topic at hand,

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and in preventing the discussion from rambling."

A "well thought out" agenda can hardly be put together on the spur of the moment, and survey respondents recognize that. Nearly half of them (49%) plan national sales meetings between six months and one year in advance. A mere 1% admit to planning such a meeting less than one month ahead. There must be a lot of short tempers and short fingernails at those companies.

Regional meetings are planned two months in advance by 34% of the respondents, three months in advance by 21%.

The list of speakers at the sales meeting may include company personnel, especially the vice president, sales, and the president (see Table 5), or outside professionals with expertise in such areas as sales training and motivation. Speakers from either category can sometimes present problems. Contributing editor Homer Smith suggests ways to cope with the corporate VIP whose accomplishments don't include public speaking (page 119).

For several years, meeting planners have looked on videoconferences much the same way that they view the weather: everybody was talking about them, but nobody was doing anything about them. The technology was intimidating, meeting planners couldn't believe that a videoconference could be less expensive than a traditional meeting, and people were reluctant to give up face-to-face encounters.

More video meetings

There's now a slight but unmistakable shift (see Table 6). Whereas only 2% of this year's respondents had tried videoconferencing in 1981, 9% used it this year, and 12% plan to use it next year. The article on page 123 should prove valuable for those who want a basic understanding of how videoconferencing works and who want to learn more about the pros and cons of the technique.

Whether it's a videoconference or a traditional meeting, national or regional, a couple of hours in one meeting room or an extravaganza that lasts several days, a sales meeting still requires thoughtful planning. As one national sales manager puts it, meetings "*must* be promoted and run professionally or not done at all. Travel and land costs are too much today, and the time of the professional salesperson is too valuable to waste."

Also, in case anyone is uncertain of what it takes to put on an effective meeting, there is this succinct reminder from another sales manager: "Good ones are a lot of work."

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